

**MAY 30, 2013 (SPECIAL)**

**ROLL CALL: COUNCIL MEMBERS MARY BRADLEY, CARL ELLIS, KEN KERKHOFF, ANN MILLER OWEN ROBERTS AND BRIAN TRAUGOTT WERE PRESENT. ALSO PRESENT WERE MAYOR FRED SIEGELMAN AND CITY ATTORNEY BILL MOORE.**

**DEPT. HEADS: FRANKIE SHUCK, ALLISON WHITE AND MITZI DELIUS WERE PRESENT REPRESENTING THEIR RESPECTIVE DEPARTMENTS.**

**Mayor Siegelman opened the meeting by presenting his Fiscal Year 2013-2014 Budget Message as follows:**

## **MAYOR'S BUDGET MESSAGE**

**TO: COUNCILWOMAN MARY BRADLEY  
COUNCILMAN CARL ELLIS  
COUNCILMAN KEN KERKHOFF  
COUNCILWOMAN ANN MILLER  
COUNCILMAN OWEN ROBERTS  
COUNCILMAN BRIAN TRAUGOTT**

**FROM: FRED SIEGELMAN, MAYOR**

**DATE: MAY 30, 2013**

**SUBJECT: FISCAL YEAR 2013-2014 BUDGET PROPOSAL AND MESSAGE**

The Kentucky Revised Statutes (KRS) sets forth the requirements and certain guidelines for financial administration of the fiscal affairs of cities of the Commonwealth of Kentucky. This budget message and proposal is presented to you in compliance with these statutes. Also, this proposal is intended to address all requirements of any state or federal programs that the City may be participating in at this time.

I would like to thank the Finance Committee members, Ken Kerkhoff, Owen Roberts and Brian Traugott for their input and involvement in this budget process. I would also like to extend my appreciation to the entire City Council, who have served on their various committees throughout the year in order to work together as a team in continuing to provide the highest level of governmental services to our constituents, while at the same time, be fiscally responsible for taxpayer dollars. The unity in leadership that we currently have strongly displays our willingness as leaders to invest in the future of this community. It is my continued belief that each of us supports the same vision of having our community prosper, so as to enhance the quality of life and public services that we provide to our community and the constituents who have elected each one of us.

In summary, the General Fund is anticipated to receive approximately \$9,004,422 in revenues and expend approximately \$8,055,727 in general government and public service operating expenses, which places the operating budget in a positive number by \$948,695. Capital expenses projected for the General Fund are approximately \$946,500. After operating and capital expenses, the projected fund balance for General Fund is anticipated to be \$2,719,958 at June 30, 2014. Overall, general government operational expenses decreased by 1.04%, while public service operations decreased by 1.03% over the current fiscal year. These overall decreases in operational expenses are significantly less than the determined national consumer price index of 1.7408%.

In preparation of this proposed budget, I instructed each department head to prioritize their expenses in an effort to continue to provide the highest quality of services and at the same time, to be mindful of the economic factors beyond our control (i.e., employment benefit increases, ever-changing fuel prices, etc.). More importantly, it should be noted that each department head once again made substantial concessions in their budgets, such as not filling vacated positions, committing to little or no increases over their current year's budgeted line-item amounts. We as administrators, have been very frugal with taxpayer dollars in that we have continued to maintain and provide exceptional public services to our constituents, while at the same time, maintain our fund balances for a number of years, manage projected budgets and still maintain sound financial stability even through roughest of times.

I have prepared this budget with a 3% salary increase for all employees. There were several factors in proposing the 3% and they were the fact that for the next fiscal year, City retirement contribution rates will drop from 19.55% to 18.89% for non-hazardous and from 37.60% to 35.70% for hazardous duty. Overall, General Fund operating expenses are projected to be \$264,180 less for FY 2014 than they are for FY 2013. Proposed capital expenses for General Fund are \$1,460,000 less for FY 2014 than they are for FY 2013. The City was faced with an overall 23% increase in health insurance premiums. This increase not only affects the City's contribution, but will pose a large increase on the employees who have spouse and/or family coverage. This particular situation was beyond each of our control and we had no other choice. Again, it is my opinion that we cannot lose sight of what these outstanding City employees contribute to the operations of the City

In summary, each department's operating budget is presented with little or no increase, and in some cases, less than the current fiscal year. As for proposed capital projects in the General Fund, the City will expend \$60,000 as matching grant funds for the North Main Streetscape project, of which the remaining \$400,000 will be funded solely through grant monies. Also budgeted in the Street Department is \$25,000 for storm drainage repair and a much needed dump truck with being split-cost between several departments. Also, there is \$165,000 budgeted for the Mack Street Drainage project, which 75% of the funds are grant funds. As for the Cemetery Department, \$23,000 has been budgeted to construct a pavilion at Rose Crest Cemetery. Again, the City is committed to the second year lease payment \$54,000 for the newly acquired fire engine. It is anticipated that the police department will again purchase four (4) new police vehicles, which is in keeping with the annual rotation of their fleet vehicles. Also, there is budgeted \$20,000 for computer upgrades, for which the current PC's operation will become obsolete during the new fiscal year.

As for outside agency funding requests, priority consideration was given to those agencies who the City has a committed agreement, such as an Interlocal Agreement and/or a previously commitment of the City Council. Those agencies are the Woodford County Planning and Zoning Commission, the Falling Springs facility bond related debt service and their operations, Disaster and Emergency Management operations and the Economic Development Authority. With that said and in order to fund those committed amounts, other outside funding requests were not granted. It is unfortunate that such a decision had to be made, however, prior to making that decision, we reviewed each and every one of those requests and confidently determined that these agency's operations would continue to operate efficiently without City's funding and that community programs or services of these agencies would not be affected. Once again, while each of these agencies serve a vital purpose to the community, we must all understand that with these economic constraints, long-term strategies must be put in place, rather than relying on City taxpayer dollars to fund their deficits or for just the purpose of presenting a balanced budget. As has been stated in the past, it is always very difficult to make cuts to outside public service agencies; however, it is our charge as community leaders, to be fiscally responsible for every taxpayer dollar and to insure the needs of the community and the general operations of City government are being met.

The Enterprise Fund is expected to receive \$7,406,000 in revenues and expend \$5,583,142 in operating expenses and \$1,688,845 in capital projects. The overall Enterprise Fund budget is anticipated to be in a positive amount of \$134,013 and the Enterprise Fund Balance is anticipated to be approximately \$7,336,116 at June 30, 2014. Overall, revenues and operating expenses of the Enterprise Fund are increased in large part to resuming billing/collection of the sanitation services. The revenues of \$348,000 for this service are being shown as revenues, however, there is now a line-item offsetting the transfer of these revenues to Legacy as collected. Also, contributing to the increase in both water and sewer salaries was the placement of the former sanitation employees in these departments. The other significant increase factor is the increase in health insurance benefits. There is also a slight increase in the fiscal year debt service payments due to the recent 2013 bond refunding issue. Capital projects for the Enterprise Fund include the purchase of a water/sewer pickup truck, and 2/3 cost of a dump truck. Also budgeted is \$150,000 for both water and sewer line replacement. \$25,000 has been budgeted for water treatment plant upgrades and \$900,000 in expenses for Phase 2 of the river slippage repair. Also included in the capital projects for the sewer department is \$175,000 for wastewater treatment plant expansion (pre-design), as well as \$35,000 for the newly required Wastewater Facility Plan.

Included in this proposed budget, there is a Landfill Debt Service in the amount of \$93,345, which is for debt service on the Grassy Springs farm. I am extremely hopeful that the City will sell the remaining available land and retire this debt service within the next year.

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In closing, I solicit each of you for your continued input and support in adopting and administering the Fiscal Year 2013-2014 proposed budget and would like to request that each of you continue to work for the future of the taxpayers and toward future enhancements to the entire community. Again, I firmly believe that in working together as a team, we will achieve our goals as leaders in promoting community industrial growth, which will in turn create jobs and enhance the quality of life for all citizens. Our citizens deserve that continued commitment from each of us as their leaders.

At the request of Council member Bradley, City Attorney Bill Moore gave first reading of Ordinance No. 2013-21 Adopting the City of Versailles, Kentucky Annual General Fund Budget for the Fiscal Year July 1, 2013 Through June 30, 2014 By Estimating Revenues and Appropriations for the Operation of City Government Services.

At the request of Council member Bradley, City Attorney Bill Moore gave first reading of Ordinance No. 2013-22 Adopting the City of Versailles, Kentucky Annual Enterprise Fund Budget for the Fiscal Year July 1, 2013 Through June 30, 2014 By Estimating Revenues and Appropriations for the Operation of City Government Services.

At the request of Council member Bradley, City Attorney Bill Moore gave first reading of Ordinance No. 2013-23 Adopting the City of Versailles, Kentucky Annual Municipal Aid Road Fund Budget for the Fiscal Year July 1, 2013 Through June 30, 2014 By Estimating Revenues and Appropriations.

At the request of Council member Bradley, City Attorney Bill Moore gave first reading of Ordinance No. 2013-24 Updating the Pay/Classification Plan for the Fiscal Year Beginning July 1, 2013 Through June 30, 2014.

Council member Miller requested the Council to suggest a date for the first to two proposed City Council meetings between the City of Versailles and the City of Midway. It was proposed to schedule the first meeting for July 16, 2013 in Midway. Ms. Miller noted that she would confirm that date and provide further details.

**MOTION BY BRADLEY, SECONDED BY ELLIS THAT THE MEETING OF THE COUNCIL ADJOURN.**

The vote was as follows: Bradley, Ellis, Kerkhoff, Miller, Roberts and Traugott voting aye.

**APPROVED:**

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**FRED SIEGELMAN, MAYOR**

**ATTEST:**

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**ALLISON B. WHITE, CITY CLERK**